

**STATEMENT OF
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**BEFORE THE
AVIATION SUBCOMMITTEE
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
OF THE
UNITED STATES HOUSE OF REPRESENTATIVES
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Mr. Chairman, members of the Subcommittee – My name is John Meenan and I am the Executive Vice President and Chief Operating Officer of the Air Transport Association. On behalf of our member airlines¹ I want to thank you for holding today's hearing and for providing this opportunity to testify. Clearly, the imperative to learn from the events of 9/11, which we all feel, is shared with particular intensity by the men and women of the airline industry.

We have reviewed with great interest the recommendations made in the Report of the National Commission on Terrorist Attacks Upon the United States. Of those recommendations, ten have a particular bearing on travel and aviation. Broadly, these recommendations focus on impeding the ability of terrorists to travel by combining better intelligence with improved identification media. In addition, the Commission advocates improved border management through enhanced screening networks and processes, taking advantage of international cooperation and improving technologies – all while continuing to protect vital personal liberties. We applaud the Commission's work.

I want to report to you briefly on a number of initiatives the airlines are currently supporting – that are already in motion consistent with the recommendations. But more importantly, I want to draw the Committee's attention to the Commission's "hard choices" recommendation. That single recommendation, which I will discuss in a moment, should in our view be the prism through which not only are all of the Commission's recommendations processed, it should guide our entire anti-terrorism effort as a nation.

First, let me give you a high level view of what we are currently involved in. Specifically, we are working on a regular basis with TSA on issues – technical, operational and policy – associated with improving the "no fly" and "selectee" lists, as well as steps to improve various passenger pre-screening processes. In response to Department of Homeland Security (DHS) interest in advancing the reporting of Advanced Passenger Information data for international passengers from the current fifteen minutes after "wheels-up" to pre-departure, we have been involved in extensive discussions and assisted in pushing forward various carrier test programs. The airlines are engaged with CBP in its development of the US-VISIT program. They are engaged with numerous agencies in sharing their expertise on airline operational and information system issues – an essential component of any effective transportation security apparatus that seeks to weave together technically diverse proprietary systems into a seamless security regime.

As the Committee may be aware, we voluntarily spent more than six months working with various industry partners in developing the forty recommendations of the

¹ Members ABX Air, Inc., Alaska Airlines, Inc., Aloha Airlines, Inc., America West Airlines, Inc., American Airlines Inc., ASTAR Air Cargo, Inc., ATA Airlines, Inc., Atlas Air, Inc., Continental Airlines Inc., Delta Air Lines, Inc., Evergreen International Airlines, Inc., FedEx Corporation, Hawaiian Airlines, JetBlue Airways Corp., Menlo Worldwide Forwarding, Midwest Airlines, Inc., Northwest Airlines, Inc., Polar Air Cargo, Southwest Airlines Co., United Airlines, Inc., UPS Airlines, US Airways, Inc. – Associate Members: Aeromexico, Air Canada, Air Jamaica Ltd., Mexicana.

Aviation Security Advisory Committee (ASAC) aimed at enhancing cargo security – and we now stand ready to work with TSA and DHS in acting on those recommendations, once the agencies involved announce their intentions. We continue to push for the release of the pending Notice of Proposed Rulemaking. In fact, in advance of any government mandates, carriers voluntarily adopted a number of the recommended actions. Again, working closely with CBP, we are seeking to smooth the phase-in of new advanced cargo data requirements under a program recently launched in the eastern United States as a precursor to nationwide deployment.

In other areas, such as the development of an information-driven passenger pre-screening system (i.e. CAPPS II or its successor), we have offered what we hope are helpful guiding privacy principles – and have made a standing offer to facilitate communication between the government system architects and knowledgeable industry technical experts. Obviously, in light of relevant privacy concerns, the sharing of passenger information with the government can only be undertaken with proper authority. To facilitate this process, we would be pleased to work with the Committee to develop legislation protecting both the information and those properly sharing the information at the government's direction.

It is worth noting that long before 9/11 the airlines advocated better use of information technology to improve passenger processing and screening. Similarly, eight years ago we called for the creation of a dedicated aviation-terrorism function within the FBI to sort and assess the multiple streams of intelligence information relevant to aviation.

One recommendation that as I said is, in our view, absolutely vital is the Commission's "hard choices" recommendation. This offers critically important implementing guidance, not just in the area of aviation security but rather across the entire spectrum of our battle against terrorism. That recommendation, appearing on page 391 of the Commission's report, reads in pertinent part:

Hard choices must be made in allocating limited resources. The U.S. government should identify and evaluate the transportation assets that need to be protected, set risk-based priorities for defending them, select the most practical and cost effective ways of doing so and then develop a plan, budget and funding to implement the effort.

The proper application of this recommendation – while challenging – is absolutely essential to meeting and defeating the challenge of terrorism. We would urge this Committee to take the necessary steps to be certain that no decision regarding the future course of our aviation counter-terrorism effort be made without the disciplined analysis called for in this recommendation and, more broadly, for Congress to internalize this principle.

In the immediate aftermath of 9/11, there was understandable and appropriate urgency. There was little time for evaluation and priority setting. TSA and later DHS were formed. Congress and the administration announced sweeping new security mandates. Checklist approaches to security were taken – one hundred percent takeover of passenger screening at U.S. airports by TSA by a date certain, one hundred percent baggage screening by another, etc. Under the leadership of this Committee, the Congress and the administration, numerous major improvements in aviation security were accomplished. It was not without difficulty – but the progress is real. We all learned a great deal about how to work together. We also had reinforced the importance of discipline in formulating new security requirements and the need for careful attention to implementation.

Now, the Commission has quite properly noted the “hard choices” are before us and we need to establish a clear framework and methodology for making those choices. The Commission’s recommendation charts the course –

- We need to identify the risks.
- We need to prioritize those risks.
- We need to develop practical/cost effective plans to address those risks.
- We need to budget our resources and fund the plans we are going to execute.

The airline industry has had significant experience in the application of this type of analytically disciplined decision-making in the area of improving safety performance. The Commercial Aviation Safety Team (or CAST as you may know it) has a long record of successfully assessing safety risks, assigning them an appropriate ranking and applying appropriate resources to methodically work through those priorities. The focus is on giving top priority to those safety measures that yield the greatest benefit – the greatest overall improvements in aviation safety. To the degree this approach is adaptable – and we believe that it is – we would be eager to work to develop a security analogue to CAST.

One of the most difficult problems we are all struggling with is the proliferation of good ideas – we run a very real risk undermining our ability to make meaningful security improvements if we take on too many well intentioned projects without proper planning, sequencing, budgeting and funding. To do otherwise – to respond to the headline of the moment or to the vendor seeking to sell his product or to try to do everything at once – leads to random and unfocused spending, leaving potentially more serious vulnerabilities exposed while less likely concerns disproportionately consume limited resources.

I cannot think of a better example of our concern with un-prioritized, lack of big picture analysis spending pushed by vendors, than the continuing call for the deployment of counter-MANPADS technology. “They cost no more than an in-flight entertainment system” is the favored tag line. As the Commercial Aviation MANPADS Defense Act (HR4056) introduced by Chairman Mica and Mr. DeFazio and others recognizes, there is

much more to the story – more to be done on anti-proliferation, more to be done to address airport vulnerabilities and much more to be done to understand the utility and true full-system operating and maintenance costs for such systems in relation to a priority-ranked threat assessment. Again, with the increasing number of security initiatives under consideration in the U.S. and abroad, we must be careful to focus revenues and efforts where overall aviation security will benefit. Priorities must be set through substantive risk analysis.

Again, ATA has developed a set of guiding principles that, consistent with HR4056, recommend the incorporation in the counter-MANPADS debate the type of analytical approach advocated in the Commission's "hard choices" recommendation. A copy of our principles is attached for the record.

Whether it is counter-MANPADS spending, or spending in pursuit of any of the Commission's recommendations, the point is we need to "spend smart" to defeat terrorism.

In closing, just a quick word about funding for the defense of the United States against terrorism. The level of aviation security today is markedly better than it was on 9/11 – and it improves every day. In getting to this point, in substantial measure with the guidance of this Committee, the Aviation and Transportation Security Act (ATSA) has set a course based upon the premise that aviation security is national security. We agree.

Yet the airline industry continues to shoulder extensive costs for post-9/11 federal security mandates and related taxes and fees – roughly \$3.8 billion annually according to our most recent calculations. Certainly we expect to bear a fair share, and we expect to continue to step up to the plate as new security proposals, like those of the Commission, are considered. But the truth is that this industry – a pivotal component of the nation's economy – is in terrible financial condition. All elements of the industry are feeling the effects of those added expenses, and the unique impact that world conditions have had on U. S. commercial aviation.

As you consider the Commission's recommendations, we ask that you very carefully consider the relationship between national security and aviation security – taking a hard look at the level of taxes, fees and unfunded mandates placed upon the airlines to support our nation's defense.

Thank you for the opportunity to appear before you today. I am pleased to respond to your questions.

GUIDING PRINCIPLES

Air Transport Association of America, Inc.

Counter-Man Portable Air Defense Systems (MANPADS) Deployment Aboard Commercial Aircraft

The Air Transport Association and its member airlines believe that the threat of terrorism, particularly aviation terrorism, can best be defeated by maintaining close cooperation between government and industry. Such cooperation should focus primarily on the rigorous application of systematic risk-management techniques. This approach permits risks to be assessed and prioritized, and available resources to be deployed accordingly through a layered systems approach to security. This pragmatic approach offers the most effective risk-management course for the United States.

Among the terrorist threats we are confronting, the risk of a MANPADS attack on a commercial airliner is an extremely serious concern. So too, however, are threats from other types of weapons and tactics that might be utilized by those intent on harming our nation by attacking our aviation system. Therefore, it is critically important in confronting all of these threats that we be guided by the best intelligence and law-enforcement information available. Only with this information can we apply a systematic risk-management program to assess and prioritize risks and determine how to best marshal available resources.

Assign Threat Priority and Spend Coherently

The airline industry must rely upon government intelligence and law enforcement authorities to prioritize the threat of a MANPADS attack relative to the array of other terrorist threats confronting the United States. Once that priority is assigned, there is universal agreement on three key lines of defense against a MANPADS attack, each of which offers unique benefits:

- 1) Actions to stem the proliferation of MANPADS and reduce/eliminate their availability to terrorists;
- 2) Actions to reduce the opportunity for terrorists to operate in the vicinity of airport facilities where aircraft are most vulnerable to attack (including improved intelligence and information sharing); and
- 3) Development of counter-MANPADS technologies suitable for application in the commercial aviation environment.

Each of these lines of defense offers the potential for significant risk reduction. It is of vital importance, therefore, that each line of defense be advanced in a layered security program with balanced focus and adequate resources. A failure to advance these defenses on a proportional basis - an over-reliance on "over-resourcing" any one line while not advancing the others - unacceptably increases the risk of failure.

Identify Facts Versus Vendor Promotion

The ATA and its member airlines believe that a decision to push forward with the development and deployment of counter-MANPADS technology systems is being promoted largely at the instigation of a vendor community seeking sales opportunities. If this pressure is not tempered by careful deliberation, there is a serious risk of substantial resources being misdirected at a time when those resources are critically needed to confront other potentially higher priority threats. Alternatively, if after careful deliberation, the government determines that the threat of a MANPADS attack is the highest-priority threat, then available resources appear to be misallocated, with over emphasis on counter-MANPADS system development and deployment, while anti-proliferation and airport-vulnerability programs are not afforded a similar priority. Unfortunately, we believe development and deployment are being pushed without the necessary deliberation and ranking.

Before moving forward with further expenditures for the development or deployment of counter-MANPADS technology for commercial aviation, the ATA member airlines urge both Congress and the Administration to insist that the MANPADS attack risk be assigned a priority in relation to all other threats of aviation terrorism and terrorist threats more generally. Utilizing that ranking, future expenditures, must be appropriately distributed to counter the full array of threats presented. Further, within the category of expenditures dedicated to the MANPADS threat, funds must be allocated to effectively advance, anti-proliferation and vulnerability defenses on a level equivalent to technology development.

Answer Key Questions Clearly

Finally, before any decision is made to move forward with the deployment of counter-MANPADS technology aboard commercial aircraft, the following questions must have been clearly and definitively answered:

Deployment

- Are systems to be installed aboard all commercial aircraft or, as some suggest, only aboard Civil Reserve Air Fleet aircraft or wide-bodies traveling to select destinations?
- If a less-than-full fleet deployment is planned, is there reason to believe U.S. adversaries would not take that into account in targeting vulnerabilities, since it is unlikely such installations will be secret?
- Since larger aircraft are relatively better able to withstand a MANPADS strike, how is deployment on that fleet rationalized?

Costs

- What is the expected full life-cycle cost of a counter-MANPADS system in commercial operation, including acquisition, installation, maintenance, operation, weight/drag penalties and other costs resulting from the mandated requirements?
- Will the manufacturers of this technology guarantee the life-cycle cost estimates?
- How would costs be impacted by any mandated deployment compliance period and what is the anticipated compliance period?
- How do the costs compare on an annualized per aircraft basis to the historic record of airline profits/losses on a per-aircraft basis?
- Noting that the defense of our aviation system must be a national defense priority and one fully supported by general tax dollars and that any suggestion that the industry or its customers can sustain these costs is misplaced, how does the government plan to support this program?

System Effectiveness/Reliability

- What is the likelihood of a counter-MANPADS system effectively engaging and destroying a single MANPADS attack, two simultaneously fired MANPADS, more than two?
- What guarantees are system manufacturers willing to provide with regard overall system reliability, how will these guarantees be enforced?
- What guarantees are system manufacturers willing to provide with regard to system effectiveness?

Liability

- Who is liable if a system fails to operate or if a false alarm contributes to an aircraft accident or produces other unintended consequences?